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# HOUSE BILL No. 1333

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.1-31; IC 12-7-2; IC 12-17-13.5; IC 20-39.

**Synopsis:** Educational scholarship programs. Establishes: (1) a scholarship tax credit for charitable contributions made to an organization that grants scholarships to pay the tuition and fees that a student would otherwise be obligated to pay to attend a public or private school; and (2) a school readiness scholarship program to pay the tuition and costs that a child determined to be at risk by the division of family resources would otherwise be obligated to pay to enroll in a preschool operated by a public or nonpublic school. Designates up to \$35,000,000 of federal money available from the federal Temporary Assistance for Needy Families program (TANF) to be used for school readiness scholarships.

**Effective:** Upon passage; July 1, 2005 (retroactive); January 1, 2006 (retroactive).

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January 10, 2006, read first time and referred to Committee on Education.

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Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

## HOUSE BILL No. 1333

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A BILL FOR AN ACT to amend the Indiana Code concerning education finance.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-3.1-31 IS ADDED TO THE INDIANA CODE  
2       AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3       JANUARY 1, 2006 (RETROACTIVE)]:

4       **Chapter 31. Great Schools Scholarship Tax Credit**

5       **Sec. 1. As used in this chapter, "credit" refers to a credit**  
6       **granted under this chapter.**

7       **Sec. 2. As used in this chapter, "great schools scholarship**  
8       **program" refers to a grant program that is certified as a great**  
9       **schools scholarship program by the department of education under**  
10       **IC 20-39.**

11       **Sec. 3. As used in this chapter, "pass through entity" means:**

- 12           (1) a corporation that is exempt from the adjusted gross  
13           income tax under IC 6-3-2-2.8(2);  
14           (2) a partnership;  
15           (3) a limited liability company; or  
16           (4) a limited liability partnership.

17       **Sec. 4. As used in this chapter, "scholarship granting**

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organization" refers to an organization that:

- (1) is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code; and
- (2) conducts a great schools scholarship program.

Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- (2) IC 6-5.5 (the financial institutions tax); and
- (3) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 6. As used in this chapter, "taxpayer" means an individual or entity that has any state tax liability.

Sec. 7. A taxpayer that makes a charitable contribution to a scholarship granting organization for use by the scholarship granting organization in a great schools scholarship program is entitled to a credit against the taxpayer's tax liability in the taxable year in which the taxpayer makes the charitable contribution.

Sec. 8. The amount of a taxpayer's credit is equal to fifty percent (50%) of the amount of the charitable contribution made to the scholarship granting organization for a great schools scholarship program.

Sec. 9. (a) If the amount of a credit for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to subsequent taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year.

(b) A taxpayer is not entitled to a carryback or refund of an unused credit.

Sec. 10. (a) If:

- (1) a pass through entity does not have state tax liability against which the credit may be applied; and
- (2) the pass through entity would be eligible for a credit if the pass through entity were a taxpayer;

a shareholder, partner, or member of the pass through entity is entitled to a credit under this chapter.

(b) The amount of the credit to which a shareholder, partner, or member of a pass through entity is entitled is equal to:

- (1) the credit determined for the pass through entity for the

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1 taxable year; multiplied by  
 2 (2) the percentage of the pass through entity's distributive  
 3 income to which the shareholder, partner, or member is  
 4 entitled.

5 Sec. 11. To apply a credit against the taxpayer's state tax  
 6 liability, a taxpayer must claim the credit on the taxpayer's annual  
 7 state tax return or returns in the manner prescribed by the  
 8 department. The taxpayer shall submit to the department the  
 9 information that the department determines is necessary for the  
 10 department to determine whether the taxpayer is eligible for the  
 11 credit.

12 Sec. 12. A charitable contribution shall be treated as having  
 13 been given for a great schools scholarship program if the  
 14 charitable contribution is given to a scholarship granting  
 15 organization that conducts a great schools scholarship program  
 16 and either the:

17 (1) taxpayer designates in a writing delivered to the  
 18 scholarship granting organization not later than the date the  
 19 charitable contribution is made that the charitable  
 20 contribution is to be used only for a great schools scholarship  
 21 program; or

22 (2) scholarship granting organization provides the taxpayer  
 23 with written confirmation that the charitable contribution  
 24 will be dedicated for use in a great schools scholarship  
 25 program.

26 Sec. 13. A taxpayer subject to wage withholding under  
 27 IC 6-3-4-8 may, through a voluntary program offered by the  
 28 taxpayer's employer, request that the employer withhold the  
 29 amount designated by the employee and contribute the amount to  
 30 a scholarship granting organization designated by the taxpayer. An  
 31 employer's obligation to withhold state adjusted gross income taxes  
 32 from the taxpayer's wages is decreased by the amount of the credit  
 33 attributable to the contribution. The department shall establish  
 34 withholding instructions to carry out this section.

35 SECTION 2. IC 12-7-2-15 IS AMENDED TO READ AS  
 36 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. "Applicant"  
 37 means the following:

38 (1) For purposes of the following statutes, a person who has  
 39 applied for assistance for the applicant or another person under  
 40 any of the following statutes:

41 (A) IC 12-10-6.

42 (B) IC 12-10-12.

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- 1 (C) IC 12-13.
- 2 (D) IC 12-14.
- 3 (E) IC 12-15.
- 4 (F) IC 12-17-1.
- 5 (G) IC 12-17-2.
- 6 (H) IC 12-17-3.
- 7 (I) IC 12-17-9.
- 8 (J) IC 12-17-10.
- 9 (K) IC 12-17-11.
- 10 (L) IC 12-19.
- 11 (2) For purposes of IC 12-17-12, the meaning set forth in
- 12 IC 12-17-12-1.
- 13 (3) For purposes of IC 12-17-13, the meaning set forth in
- 14 IC 12-17-13-1.
- 15 **(4) For purposes of IC 12-17-13.5, the meaning set forth in**
- 16 **IC 12-17-13.5-1.**
- 17 ~~(4)~~ (5) For the purposes of IC 12-17.2, a person who seeks a
- 18 license to operate a child care center or child care home.
- 19 ~~(5)~~ (6) For purposes of IC 12-17.4, a person who seeks a license
- 20 to operate a child caring institution, foster family home, group
- 21 home, or child placing agency.
- 22 SECTION 3. IC 12-7-2-69, AS AMENDED BY P.L.234-2005,
- 23 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 24 UPON PASSAGE]: Sec. 69. (a) "Division", except as provided in
- 25 subsections (b) and (c), refers to any of the following:
- 26 (1) The division of disability, aging, and rehabilitative services
- 27 established by IC 12-9-1-1.
- 28 (2) The division of family resources established by IC 12-13-1-1.
- 29 (3) The division of mental health and addiction established by
- 30 IC 12-21-1-1.
- 31 (b) The term refers to the following:
- 32 (1) For purposes of the following statutes, the division of
- 33 disability, aging, and rehabilitative services established by
- 34 IC 12-9-1-1:
- 35 (A) IC 12-9.
- 36 (B) IC 12-10.
- 37 (C) IC 12-11.
- 38 (D) IC 12-12.
- 39 (E) IC 12-12.5.
- 40 (2) For purposes of the following statutes, the division of family
- 41 resources established by IC 12-13-1-1:
- 42 (A) IC 12-13.

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- 1 (B) IC 12-14.  
 2 (C) IC 12-15.  
 3 (D) IC 12-16.  
 4 **(E) IC 12-17.**  
 5 ~~(F)~~ (F) IC 12-17.2.  
 6 ~~(G)~~ (G) IC 12-18.  
 7 ~~(H)~~ (H) IC 12-19.  
 8 ~~(I)~~ (I) IC 12-20.  
 9 (3) For purposes of the following statutes, the division of mental  
 10 health and addiction established by IC 12-21-1-1:  
 11 (A) IC 12-21.  
 12 (B) IC 12-22.  
 13 (C) IC 12-23.  
 14 (D) IC 12-25.  
 15 (c) With respect to a particular state institution, the term refers to  
 16 the division whose director has administrative control of and  
 17 responsibility for the state institution.  
 18 (d) For purposes of IC 12-24, IC 12-26, and IC 12-27, the term  
 19 refers to the division whose director has administrative control of and  
 20 responsibility for the appropriate state institution.  
 21 SECTION 4. IC 12-7-2-122.6 IS ADDED TO THE INDIANA  
 22 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 23 [EFFECTIVE UPON PASSAGE]: **Sec. 122.6. "Legal settlement", for**  
 24 **purposes of IC 12-17-13.5, has the meaning set forth in**  
 25 **IC 12-17-13.5-2.**  
 26 SECTION 5. IC 12-7-2-132.5 IS ADDED TO THE INDIANA  
 27 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 28 [EFFECTIVE UPON PASSAGE]: **Sec. 132.5. "Nonpublic school",**  
 29 **for purposes of IC 12-17-13.5, has the meaning set forth in**  
 30 **IC 12-17-13.5-3.**  
 31 SECTION 6. IC 12-7-2-143.7 IS ADDED TO THE INDIANA  
 32 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 33 [EFFECTIVE UPON PASSAGE]: **Sec. 143.7. "Preschool child", for**  
 34 **purposes of IC 12-17-13.5, has the meaning set forth in**  
 35 **IC 12-17-13.5-4.**  
 36 SECTION 7. IC 12-7-2-144.2 IS ADDED TO THE INDIANA  
 37 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 38 [EFFECTIVE UPON PASSAGE]: **Sec. 144.2. "Preschool program",**  
 39 **for purposes of IC 12-17-13.5, has the meaning set forth in**  
 40 **IC 12-17-13.5-5.**  
 41 SECTION 8. IC 12-7-2-152.5 IS ADDED TO THE INDIANA  
 42 CODE AS A **NEW** SECTION TO READ AS FOLLOWS

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[EFFECTIVE UPON PASSAGE]: **Sec. 152.5. "Public school"**, for purposes of IC 12-17-13.5, has the meaning set forth in IC 12-17-13.5-6.

SECTION 9. IC 12-7-2-169.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 169.8. "Scholarship"**, for purposes of IC 12-17-13.5, has the meaning set forth in IC 12-17-13.5-7.

SECTION 10. IC 12-7-2-171.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 171.3. "School year"**, for purposes of IC 12-17-13.5, has the meaning set forth in IC 12-17-13.5-8.

SECTION 11. IC 12-7-2-195.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 195.3. "Tuition and fees"**, for purposes of IC 12-17-13.5, has the meaning set forth in IC 12-17-13.5-9.

SECTION 12. IC 12-17-13.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 13.5. Smart Start School Readiness Scholarship Program**

**Sec. 1.** As used in this chapter, "applicant" means a preschool child or a parent, guardian, or custodian of a preschool child.

**Sec. 2.** As used in this chapter, "legal settlement" has the meaning set forth in IC 20-18-2-11.

**Sec. 3.** As used in this chapter, "nonpublic school" has the meaning set forth in IC 20-18-2-12.

**Sec. 4.** As used in this chapter, "preschool child" means an individual who:

(1) meets the criteria necessary to have legal settlement in Indiana, other than meeting the minimum age on the date in the school year specified in IC 20-33-2-7 necessary for the individual to attend kindergarten;

(2) is at least three (3) years of age by June 1 of the school year;

(3) is less than the minimum age on the date in the school year specified in IC 20-33-2-7 for the individual to attend kindergarten; and

(4) qualifies as an at-risk child under the criteria established by the division.

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1       Sec. 5. As used in this chapter, "preschool program" means a  
2       voluntary school readiness program operated by a public school or  
3       a nonpublic school in which a preschool child may be enrolled.

4       Sec. 6. As used in this chapter, "public school" has the meaning  
5       set forth in IC 20-18-2-15.

6       Sec. 7. As used in this chapter, "scholarship" refers to a grant  
7       to pay the tuition and fees charged to an applicant by a preschool  
8       program.

9       Sec. 8. As used in this chapter, "school year" has the meaning  
10      set forth in IC 20-18-2-17.

11      Sec. 9. As used in this chapter, "tuition and fees" means tuition,  
12      fees, and other costs that an applicant is required to pay to enroll  
13      the preschool child in a preschool program in Indiana. The term  
14      includes transportation costs only to the extent permitted under the  
15      rules adopted by the division.

16      Sec. 10. The division shall establish a program to grant  
17      scholarships.

18      Sec. 11. The division may apply for federal and state money to  
19      assist applicants under this chapter, including federal money  
20      available through the TANF program.

21      Sec. 12. The division shall create a standard application that  
22      applicants can use to submit to participating schools to establish  
23      their eligibility for a scholarship and apply for admission to a  
24      preschool program. A public school or nonpublic school may  
25      require supplemental information from applicants. The division  
26      shall ensure that the application is readily available to interested  
27      families through various sources, including the Internet.

28      Sec. 13. The scholarship application and approval procedure  
29      must permit the parent, guardian, or custodian of the preschool  
30      child to choose whether the preschool child will:

- 31          (1) enroll in a full-day preschool program or a half-day  
32          preschool program; and  
33          (2) attend the preschool program every day or less often.

34      Sec. 14. An applicant that receives a scholarship in a school year  
35      and desires to receive a scholarship in the following school year  
36      may be required under the division's rules to annually reapply for  
37      a scholarship.

38      Sec. 15. The division, after consulting with the department of  
39      education, may adopt rules under IC 4-22-2 to carry out this  
40      chapter, including rules specifying the following:

- 41          (1) Criteria for determining the eligibility of at-risk preschool  
42          children, including income eligibility guidelines.

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(2) Criteria for both public school and nonpublic school providers of preschool programs, including health, safety, and educational guidelines.

(3) A method of payment to eligible preschool program providers for services to preschool children.

Sec. 16. The rules adopted by the division must qualify expenditures under this chapter for reimbursement under the TANF program.

Sec. 17. The rules adopted by the division may not permit the following:

(1) An award for a scholarship that, when added to all other scholarships granted for a school year, exceeds the amount of federal and state money available for allotment for scholarships.

(2) Reimbursement of a county office, a political subdivision, or an agency of the state for child welfare services or services under IC 20-35-4-9 or IC 20-26-5-1 that the county office, political subdivision, or agency is required to provide to the preschool child without charge.

SECTION 13. IC 20-39 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

## **ARTICLE 39. EDUCATIONAL SCHOLARSHIPS**

### **Chapter 1. Definitions**

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. "Agreement" refers to an agreement between the department and an applicant that applies for certification of a great schools scholarship program.

Sec. 3. "Contribution" refers to a contribution to a scholarship granting organization for a great schools scholarship program.

Sec. 4. "Educational scholarship" refers to a grant to pay the tuition and fees that would otherwise be charged to:

- (1) an eligible student; or
- (2) a parent of an eligible student.

Sec. 5. "Eligible student" refers to an individual who:

- (1) has legal settlement in Indiana;
- (2) is at least five (5) years of age and less than twenty-two (22) years of age on the date in the school year specified in IC 20-33-2-7; and
- (3) either:
  - (A) is a member of a household with an annual income of

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less than two hundred fifty percent (250%) of the amount required for the child to qualify for the federal free or reduced price lunch program; or

(B) received a scholarship under this article in the immediately preceding school year or the immediately preceding term of the current school year.

Sec. 6. "Federal free or reduced price lunch program" refers to the national free or reduced price lunch program established under 42 U.S.C. 1751 et seq.

Sec. 7. "Great schools scholarship" refers to an educational scholarship awarded by a scholarship granting organization.

Sec. 8. "Participating school" refers to a public school or nonpublic school that:

- (1) is accredited under IC 20-31-4-2; and
- (2) voluntarily agrees to enroll an eligible student.

Sec. 9. "Scholarship granting organization" refers to an organization that:

- (1) is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code; and
- (2) is organized at least in part to grant educational scholarships.

Sec. 10. "Tuition and fees" means tuition, fees, and other costs that:

- (1) an eligible student; or
- (2) a parent of an eligible student;

is required to pay to enroll the eligible student in an elementary school program or high school program of a participating school.

#### Chapter 2. Exchange of Information; Rules

Sec. 1. The department shall maintain a publically available list of the great schools scholarship programs that are certified by the department. The list must contain names, addresses, and any other information that the department determines is necessary for the public to determine which scholarship granting organizations conduct great schools scholarship programs. A current list must be posted on any Internet web site used by the department to provide information to the public about educational matters.

Sec. 2. The department may adopt rules under IC 4-22-2 and prescribe forms as necessary to implement this article.

#### Chapter 3. Educational Scholarship Organizations; Certification; Administration of Contributions

Sec. 1. As used in this chapter, "scholarship" refers to a great schools scholarship.

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1        **Sec. 2. A scholarship granting organization may apply to the**  
 2        **department for certification of an educational scholarship program**  
 3        **as a great schools scholarship program.**

4        **Sec. 3. An educational scholarship program qualifies for**  
 5        **certification as a great schools scholarship program if the applicant**  
 6        **for certification:**

- 7            (1) is a scholarship granting organization;
- 8            (2) applies to the department on the form and in the manner
- 9            prescribed by the department;
- 10          (3) enters into an agreement with the department to comply
- 11          with this article and the rules adopted by the department to
- 12          implement this article; and
- 13          (4) demonstrates the applicant's financial viability to the
- 14          department, if the applicant will receive at least fifty thousand
- 15          dollars (\$50,000) in contributions in a school year, by filing
- 16          with the department before the beginning of the school year:
- 17            (A) a surety bond payable to the state in an amount equal
- 18            to the total amount of contributions expected to be
- 19            received during the school year; or
- 20            (B) financial information that demonstrates the financial
- 21            viability of the scholarship granting organization.

22        **Sec. 4. The department shall certify all qualifying applicants for**  
 23        **certification as scholarship granting organizations.**

24        **Sec. 5. An agreement must require a scholarship granting**  
 25        **organization to do the following:**

- 26            (1) Provide a department approved receipt to taxpayers for
- 27            contributions made to the scholarship granting organization
- 28            that will be used in a scholarship program. The department
- 29            shall prescribe a standardized form for a receipt to be issued
- 30            by a scholarship granting organization to a taxpayer that
- 31            indicates the value of a contribution and the amount of the
- 32            contribution that is being designated for use in a scholarship
- 33            program.
- 34            (2) Distribute at least ninety percent (90%) of the total
- 35            amount of contributions as scholarships to eligible students.
- 36            (3) Distribute one hundred percent (100%) of any income
- 37            earned on contributions as scholarships to eligible students.
- 38            (4) Distribute part of the scholarships in each school year to
- 39            eligible students who qualify for the federal free or reduced
- 40            price lunch program in the county where the scholarship
- 41            granting organization expends the majority of its
- 42            scholarships.

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(5) Distribute part of the scholarships in each school year to first time recipients who were enrolled in the school corporation where the eligible students had legal settlement for at least part of the immediately preceding school year.

(6) Ensure that scholarships are portable during the school year and can be used at any participating school that accepts the eligible student according to a parent's wishes. If an eligible student moves to a new participating school during a school year, the scholarship must permit the scholarship amount to be prorated between the participating schools.

(7) Distribute periodic scholarship payments as checks made payable to an eligible student's parent and mailed to the participating school where the eligible student is enrolled. An eligible student's parent must endorse the check before it can be deposited.

(8) Conduct criminal background checks on all the scholarship granting organization's employees and board members and exclude from employment or governance any individual who might reasonably pose a risk to the appropriate use of contributed funds.

(9) Maintain with the department proof of the scholarship granting organization's continuing financial viability in the form required in section 3(4) of this chapter for each school year in which the scholarship granting organization will receive at least fifty thousand dollars (\$50,000) in contributions.

(10) Make the reports required by this chapter.

**Sec. 6. An agreement must prohibit a scholarship granting organization from distributing scholarships for use by an eligible student to:**

(1) enroll in a school that has:

(A) paid staff or board members; or

(B) relatives of paid staff or board members;

in common with the scholarship granting support organization;

(2) enroll in a school that the scholarship granting organization knows does not qualify as a participating school; or

(3) pay tuition and fees for a public school where the eligible student is entitled to enroll without the payment of tuition or transfer tuition under IC 20-26-11.

**Sec. 7. (a) A scholarship granting organization must publicly**

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report to the department by August 1 of each year the following information regarding the organization's scholarships in the previous school year:

(1) The name and address of the scholarship granting organization.

(2) The total number and total dollar amount of contributions received during the previous school year.

(3) The:

(A) total number and total dollar amount of scholarships awarded during the previous school year;

(B) total number and total dollar amount of scholarships awarded during the previous year to students qualifying for the federal free and reduced price lunch program; and

(C) percentage of first time recipients of scholarships who were enrolled in the school corporation where the recipient has legal settlement for at least part of the immediately preceding school year.

(b) The report must be certified under penalties of perjury by the chief executive officer of the scholarship granting organization.

Sec. 8. (a) A scholarship granting organization must, not more than sixty (60) days after the end of the scholarship granting organization's fiscal year, submit a financial information report for the scholarship granting organization that:

(1) covers the immediately preceding fiscal year; and

(2) is prepared in conformity with the uniform financial accounting standards established by the department.

(b) The chief executive officer of the scholarship granting organization must certify under penalties of perjury that the financial report is free of material misstatements, as determined under the uniform financial accounting standards established by the department.

Sec. 9. The department shall prescribe a standardized form for scholarship granting organizations to report information required under this chapter.

Sec. 10. The department may, in a proceeding under IC 4-21.5, suspend or terminate the certification of an organization as a scholarship granting organization if the department establishes that the scholarship granting organization has intentionally and substantially failed to comply with the requirements of this article or an agreement entered into under this article.

Sec. 11. If the department suspends or terminates the certification of an organization as a scholarship granting

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1 organization, the department shall notify affected scholarship  
2 students and their parents of the decision as quickly as possible.

3 **Sec. 12.** The department may conduct either a financial review  
4 or an audit of a scholarship granting organization if the  
5 department has evidence of fraud.

6 **SECTION 14.** [EFFECTIVE JULY 1, 2005 (RETROACTIVE)] (a)  
7 **IC 6-3.1-31**, as added by this act, applies to contributions made in  
8 taxable years beginning after December 31, 2005.

9 (b) **IC 12-17-13.5**, as added by this act, applies to school years  
10 beginning after June 30, 2006.

11 (c) The division of family resources, after consultation with the  
12 department of education, may adopt temporary rules in the  
13 manner provided for the adoption of emergency rules to implement  
14 **IC 20-39**, as added by this act. A temporary rule adopted under  
15 this **SECTION** expires on the earliest of the following:

16 (1) The date another temporary rule is adopted under this  
17 **SECTION** that supersedes or repeals the previously adopted  
18 temporary rule.

19 (2) The date that a permanent rule adopted under **IC 4-22-2**  
20 supersedes or repeals a temporary rule adopted under this  
21 **SECTION**.

22 (3) The date specified in the temporary rule.

23 (4) June 30, 2008.

24 (d) The budget agency, after review by the budget committee,  
25 may designate not more than thirty-five million dollars  
26 (\$35,000,000) from federal funds appropriated under P.L.246-2005,  
27 **SECTION 26**, for the TANF program (as defined in  
28 **IC 12-7-2-189.8**) for the purpose of distributing scholarships under  
29 **IC 12-17-13.5**, as added by this act, beginning July 1, 2006, and  
30 ending June 30, 2007. If an amendment to the state plan is needed  
31 to use federal funds for the purposes of **IC 12-17-13.5**, as added by  
32 this act, the state shall seek approval of an amendment to the state  
33 plan to carry out this subsection and **IC 12-17-13.5**, as added by  
34 this act.

35 **SECTION 15.** An emergency is declared for this act.

**C**  
**O**  
**P**  
**Y**

